



**DUNDEE AIRPORT LIMITED**

**Company registration number SC325066**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**DUNDEE AIRPORT LIMITED**

**CONTENTS**

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	Page
<b>Company Information</b>	1
<b>Directors' Report</b>	2 - 3
<b>Independent Auditor's Report</b>	4 - 6
<b>Statement of Comprehensive Income</b>	7
<b>Balance Sheet</b>	8
<b>Statement of Changes in Equity</b>	9
<b>Notes to the Financial Statements</b>	10 - 25

## DUNDEE AIRPORT LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	Lorna Jack, MA, CA (Chair) Gillian Bruton, BAcc, CA (Finance Director) Inglis Lyon, BSc (Hons) LLP (Managing Director) James McLaughlin, Chartered MCIPD, MBA Timothy Whittome, BSc (Hons), AMIMechE, MRIN (resigned 29 February 2020) David Martin David Savile (resigned 29 February 2020) Wilhelmina Strachan CA (SA) (appointed 1 December 2019) Eric Hollanders (appointed 1 December 2019) Christopher Holliday (appointed 1 March 2020) Isabel Todenhoefer (appointed 1 March 2020)
<b>Company secretary</b>	Inglis Lyon
<b>Registered number</b>	SC325066
<b>Registered office</b>	Inverness Airport Inverness IV2 7JB
<b>Independent auditor</b>	Azets Audit Services Exchange Place 3 Semple Street Edinburgh EH3 8BL

## DUNDEE AIRPORT LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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The directors present their report and the financial statements for the year ended 31 March 2020.

#### Principal activity

The company's principal activity is to provide and operate a safe, secure and efficient airport which supports the communities we serve.

#### Results and dividends

The profit for the year, after taxation, amounted to £nil (2019 - £nil).

The directors recommend that no dividend be paid.

The carbon data for Dundee Airport Limited can be found in the group financial statements, copies of which are available from the registered office, Inverness Airport, Inverness, IV2 7JB.

#### Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Directors

The directors who served during the year and up to the date of approval of these financial statements were:

Lorna Jack, MA, CA (Chair)

Gillian Bruton, BAcc, CA (Finance Director)

Inglis Lyon, BSc (Hons) LLP (Managing Director)

James McLaughlin, Chartered MCIPD, MBA

Timothy Whittome, BSc (Hons), AMIMechE, MRIN (resigned 29 February 2020)

David Martin

David Savile (resigned 29 February 2020)

Eric Hollanders (appointed 1 December 2019)

**DUNDEE AIRPORT LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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Christopher Holliday (appointed 1 March 2020)  
Isabel Todenhoefer (appointed 1 March 2020)  
Wilhelmina Strachan CA (SA) (appointed 1 December 2019)

**Disclosure of information to the auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

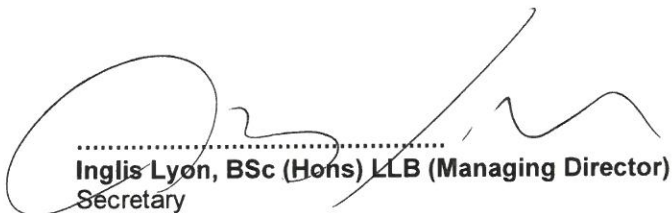
**Auditor**

The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Azets Audit Services. Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

**Small companies exemption**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



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**Inglis Lyon, BSc (Hons) LLB (Managing Director)**  
Secretary

Date: 27 October 2020

## DUNDEE AIRPORT LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE AIRPORT LIMITED

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#### Opinion

We have audited the financial statements of Dundee Airport Limited for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Small Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Emphasis of matter

We draw attention to the matter referred to in note 3.2 of the financial statements under paragraph heading going concern. Our opinion is not qualified in respect of this matter.



## DUNDEE AIRPORT LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE AIRPORT LIMITED (CONTINUED)

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#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

### Responsibilities of the directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members, as a body, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Nick Bennett (Senior Statutory Auditor)**  
for and on behalf of  
**Azets Audit Services, Statutory Auditor**  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

27 October 2020



DUNDEE AIRPORT LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £000	2019 £000
Turnover	4	5,193	4,627
Direct operating costs		(3,919)	(4,329)
<b>Gross profit</b>		<b>1,274</b>	<b>298</b>
Administrative expenses		(496)	(445)
Other operating income		1	-
<b>Operating profit/(loss)</b>	5	<b>779</b>	<b>(147)</b>
Expected return on pension scheme assets		(505)	413
Interest on pension scheme liabilities		(274)	(266)
<b>Profit before tax</b>		<b>-</b>	<b>-</b>
Tax on profit/(loss)	7	-	-
<b>Profit/(loss) for the financial year</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year</b>			
Actuarial gains/(losses) on defined benefit pension scheme	14	1,400	(291)
<b>Total comprehensive income for the year</b>		<b>1,400</b>	<b>(291)</b>

The notes on pages 10 to 25 form part of these financial statements.

DUNDEE AIRPORT LIMITED  
REGISTERED NUMBER: SC325066

BALANCE SHEET  
AS AT 31 MARCH 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	8	5,911	6,142
<b>Current assets</b>			
Stocks		46	48
Debtors	9	832	593
Cash at bank and in hand		58	54
		<u>936</u>	<u>695</u>
Creditors: amounts falling due within one year	10	(336)	(1,080)
<b>Net current assets/(liabilities)</b>		<u>600</u>	<u>(385)</u>
<b>Total assets less current liabilities</b>		<u>6,511</u>	<u>5,757</u>
Accruals and deferred income		(5,778)	(6,045)
<b>Net assets excluding pension liability</b>		<u>733</u>	<u>(288)</u>
Pension liability		(1,588)	(1,967)
<b>Net liabilities</b>		<u>(855)</u>	<u>(2,255)</u>
<b>Capital and reserves</b>			
Called up share capital	12	5	5
Profit and loss reserve		(860)	(2,260)
		<u>(855)</u>	<u>(2,255)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by 27 October 2020.

  
Lorna Jack  
Chair

  
Inglis Lyon  
Managing Director

The notes on pages 10 to 25 form part of these financial statements.

DUNDEE AIRPORT LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020

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	Called up share capital £000	Profit and loss reserve £000	Total equity £000
<b>At 1 April 2018</b>	5	(1,969)	(1,964)
<b>Comprehensive income for the year</b>			
Profit for the year	-	-	-
Actuarial losses on pension scheme	-	(291)	(291)
<b>At 1 April 2019</b>	<u>5</u>	<u>(2,260)</u>	<u>(2,255)</u>
<b>Comprehensive income for the year</b>			
Profit for the year	-	-	-
Actuarial gains on pension scheme	-	1,400	1,400
<b>At 31 March 2020</b>	<u>5</u>	<u>(860)</u>	<u>(855)</u>

The notes on pages 10 to 25 form part of these financial statements.

## DUNDEE AIRPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the company's transactions are denominated. They comprise the financial statements of the company drawn up for the year ended 31 March 2020.

The continuing activity of Dundee Airport Limited is to provide and operate a safe, secure and efficient airport which supports the communities we serve.

Dundee Airport Limited is a private company limited by shares and is incorporated in the United Kingdom and registered in Scotland. Details of the registered office and registered number can be found on the company information page of these financial statements.

#### 2. Statement of compliance

The financial statements of Dundee Airport Limited has been prepared in compliance with United Kingdom Accounting Standards, including Section 1A 'Small Entities' of the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities) (FRS 102) and the Companies Act 2006.

#### 3. Accounting policies

##### 3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

The preparation of financial statements in compliance with Section 1A 'Small Entities' of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company accounting policies.

##### 3.2 Going concern

The company's parent receives subsidies from the Scottish Ministers on an annual basis to ensure the continuing operation of Dundee Airport Limited. The annual financial statements are prepared on the assumption that the company will continue to receive such subsidies, via the parent company, for the foreseeable future. The directors recognise the £860,000 (2019: £2,260,000) deficit in the profit and loss reserve. The deficit arises from bringing a long term pension liability onto the balance sheet and having deferred subsidies of £5,778,000. The pension liability is a long term liability and deferred subsidies do not represent a liability due to be paid. This deficit does not reflect the company's ability to continue as a going concern or meet its liabilities when due. The company also has net current assets of £600,000 (2019: net current liabilities £385,000).

The parent company, Highlands and Islands Airports Limited, sets an annual group budget which aims to balance income, expenditure and operating subsidy provisions set by government. The group's operating subsidy provision has been set at £24.187 million for the year ending 31 March 2021.

In light of Covid-19 the Scottish Ministers have provided a letter of support to the company's parent stating that they will work with the parent company to ensure it is adequately funded to support operations.

This is considered by the Directors to be adequate to sustain the group as a going concern having considered the 12 months ahead from date of approval of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**3. Accounting policies (continued)**

**3.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**3.4 Subsidies**

Subsidies represent amounts received from the Scottish ministers, via the parent company, in accordance with Section 34 of the Civil Aviation Act 1982 along with other revenue and capital grants.

Subsidies in respect of capital expenditure are credited to a deferred income account and are released to the Statement of Comprehensive Income over the expected useful lives of the relevant assets.

Subsidies for revenue expenditure are included within turnover in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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3. Accounting policies (continued)

3.5 Pensions

**Defined benefit pension plan**

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

3.6 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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3. Accounting policies (continued)

3.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold buildings	- 20 - 25 years
Leasehold buildings	- over the remaining life of the lease to a maximum of 20 years
Navigation aids	- 5 - 20 years
Plant, other equipment and furniture	- 3 - 10 years
Motor vehicles	- 5 years
Runways, aprons and main services	- 7 - 25 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

3.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

3.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**3. Accounting policies (continued)**

**3.9 Financial instruments (continued)**

and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

**3.10 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**3.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**3.12 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**3.13 Share capital**

Ordinary shares are classified as equity. Called up share capital represents the nominal value of shares that have been issued.



DUNDEE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Sales	1,523	1,763
Subsidies	3,670	2,864
	<u>5,193</u>	<u>4,627</u>

All turnover arose within the United Kingdom.

5. Operating profit/(loss)

The operating profit is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation of tangible fixed assets	417	404
Fees payable to the company's auditor - audit	3	3
Deferred subsidies released	(451)	(344)
	<u></u>	<u></u>

DUNDEE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Administration	10	10
Air traffic services	11	9
Airport fire service	19	20
Engineering	1	1
Management	1	1
	<u>42</u>	<u>41</u>

7. Taxation

	2020 £000	2019 £000
Current tax on profits/losses for the year	<u>-</u>	<u>-</u>

DUNDEE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

8. Tangible fixed assets

	Land and buildings freehold £000	Land and buildings leasehold £000	Plant, other equipment, vehicles and furniture £000	Nav aids £000	Runways, aprons and main services £000
<b>Cost</b>					
At 1 April 2019	439	3,864	4,991	991	14,473
Additions	-	-	6	1	-
Disposals	-	-	(126)	(74)	-
Transfers between classes	-	-	130	247	-
At 31 March 2020	<u>439</u>	<u>3,864</u>	<u>5,001</u>	<u>1,165</u>	<u>14,473</u>
<b>Depreciation</b>					
At 1 April 2019	146	3,475	4,499	779	9,962
Charge for the year	25	55	122	36	179
Disposals	-	-	(126)	(74)	-
At 31 March 2020	<u>171</u>	<u>3,530</u>	<u>4,495</u>	<u>741</u>	<u>10,141</u>
<b>Net book value</b>					
At 31 March 2020	<u>268</u>	<u>334</u>	<u>506</u>	<u>424</u>	<u>4,332</u>
At 31 March 2019	<u>293</u>	<u>389</u>	<u>492</u>	<u>212</u>	<u>4,511</u>

DUNDEE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

8. Tangible fixed assets (continued)

	Assets in course of construction and installation £000	Total £000
<b>Cost</b>		
At 1 April 2019	245	25,003
Additions	179	186
Disposals	-	(200)
Transfers between classes	(377)	-
	<u>47</u>	<u>24,989</u>
At 31 March 2020		
<b>Depreciation</b>		
At 1 April 2019	-	18,861
Charge for the year	-	417
Disposals	-	(200)
	<u>-</u>	<u>19,078</u>
At 31 March 2020		
<b>Net book value</b>		
At 31 March 2020	<u>47</u>	<u>5,911</u>
At 31 March 2019	<u>245</u>	<u>6,142</u>



DUNDEE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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9. Debtors

	2020 £000	2019 £000
Trade debtors	143	108
Amounts owed by group undertakings	582	398
Other debtors	3	70
Prepayments and accrued income	104	17
	<u>832</u>	<u>593</u>

10. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	10	239
Amounts owed to group undertakings	36	63
Other taxation and social security	42	38
Other creditors	85	85
Accruals and deferred income	163	655
	<u>336</u>	<u>1,080</u>

11. Deferred subsidies

	2020 £000	2019 £000
Balance at 1 April	6,045	6,050
Subsidies receivable	184	339
Released to profit and loss account	(451)	(344)
	<u>5,778</u>	<u>6,045</u>

DUNDEE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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12. Share capital

	2020 £000	2019 £000
<b>Authorised, allotted, called up and fully paid</b>		
5,000 (2019 - 5,000) ordinary shares of £1.00 each	5	5

Ordinary shares are non redeemable, are entitled to participate in a distribution on wind up and one vote can be cast per share. Dividends may be declared in general meetings.

13. Capital commitments

At 31 March 2020 the company had capital commitments as follows:

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	96	38

DUNDEE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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14. Pension commitments

The company operates a defined benefit pension scheme.

The employees of Dundee Airport Limited are included within the Tayside Superannuation Fund, a defined benefit scheme operated in the UK and is funded by payment of contributions to a separately administered trust fund.

Reconciliation of present value of plan liabilities:

	2020 £000	2019 £000
<b>Reconciliation of present value of plan liabilities</b>		
As at 1 April	11,314	10,195
Current service cost	478	430
Interest on pension scheme liabilities	274	266
Benefits paid net of transfers in	(349)	(52)
Past service cost	-	95
Contributions by scheme participants	96	89
Actuarial (gains)/losses	(1,400)	291
<b>At the end of the year</b>	<b>10,413</b>	<b>11,314</b>

Reconciliation of present value of plan assets:

	2020 £000	2019 £000
As at 1 April	9,347	8,679
Interest on assets	229	229
Return on assets less interest	(734)	184
Contributions by employer	239	222
Contributions by scheme participants	96	89
Benefits paid net of transfer in and including unfunded	(349)	(52)
Administration expenses	(3)	(4)
<b>At the end of the year</b>	<b>8,825</b>	<b>9,347</b>

DUNDEE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

14. Pension commitments (continued)

Composition of plan assets:

	2020 £000	2019 £000
Equities	5,812	6,457
Gilts	122	134
Other bonds	1,555	1,402
Property	1,111	1,167
Cash	269	165
Other	(44)	22
<b>Total plan assets</b>	<b>8,825</b>	<b>9,347</b>
	2020 £000	2019 £000
Fair value of plan assets	8,825	9,347
Present value of plan liabilities	(10,413)	(11,314)
<b>Net pension scheme liability</b>	<b>(1,588)</b>	<b>(1,967)</b>

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Interest on obligation	274	266
Current service cost	478	430
Losses on curtailments and settlements	505	(413)
Past service cost	-	95
Administration expenses	3	4
Contribution by employer	(239)	(222)
<b>Total</b>	<b>1,021</b>	<b>160</b>

The company expects to contribute £238 to its defined benefit pension scheme in the year to 31 March 2021.

	2020 £000	2019 £000
<b>Analysis of actuarial gain/(loss) recognised in Other Comprehensive Income</b>		
Actuarial gains/(losses) recognised in Other Comprehensive Income	1,400	(291)



## DUNDEE AIRPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 14. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate	2.35	2.45
Future salary increases	2.80	3.35
Future pension increases	1.80	2.35
Expected rates of return on scheme	2.35	2.45
RPI Inflation assumption	2.8	3.35
CPI Inflation assumption	1.80	2.35
Mortality rates		
Current pensioners at 65 - male	19.7	19.6
Current pensioners at 65 - female	21.7	21.6
Future pensioners at 65 - male	21.4	21.3
Future pensioners at 65 - female	23.5	23.4

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similarly to the approach used to derive the discount rate, the Retail Price Index (RPI) increase assumptions is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

Mortality rates for 2020 are based of S2PA tables with a 130% multiplier, making allowance for future improvement factors in line with the CMI 2018 model, with a long term rate of 1.5% p.a. with a smoothing parameter of 7.0. The disclosures above is respect of mortality relate to assumptions based on longevity (in years) following retirement at the Balance Sheet date, with "future" being that relating to an employee retiring in 20 years time.

The results stated in the tables above are sensitive to the assumptions used.

DUNDEE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

14. Pension commitments (continued)

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	0.1% increase	0.1% decrease
Projected service cost	399,000	422,000
Present value of defined benefit obligation	<u>10,134,000</u>	<u>10,700,000</u>

Pension contributions are determined with the advice of independent qualified actuaries, Barnett Waddingham, on the basis of annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

Reconciliation of movements in the deficit

	2020 £000	2019 £000
Deficit at the beginning of the year	(1,967)	(1,516)
Current service cost	(478)	(430)
Past service cost	-	(95)
Employer contributions	239	222
Other finance income	(779)	147
Actuarial (losses)/gains	1,400	(291)
Administrative expenses	(3)	(4)
<b>Deficit at the end of the year</b>	<u><u>(1,588)</u></u>	<u><u>(1,967)</u></u>

## DUNDEE AIRPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 15. Related party transactions

During the period revenue subsidies of £3,670,418 (2019: £2,863,993) was received from the Scottish Ministers via Highlands and Islands Airports Limited and £372,338 (2019: £387,938) was payable to Airport Management Services Limited, a fellow subsidiary of Highlands and Islands Airports Limited. Of this £581,486 (2019: £397,792) remained outstanding at 31 March 2020 from Highlands and Islands Airports Limited and £36,047 (2019: £63,460) to Airport Management Services Limited. During the period capital subsidies of £184,317 (2019: £339,283) was received from the Scottish Ministers.

Included within expenditure is a management charge of £497,910 (2019: £444,615) from Highlands and Islands Airports Limited. £497,910 was due to Highlands and Islands Airports Limited from Dundee Airport Limited, £nil (2019: £nil) was disclosed within trade creditors and £nil was disclosed within accruals (2019: £444,615).

During the year purchases of £114,131 (2019: £206,841) were made, in relation to normal operating activities, from Dundee City Council. At 31 March 2020, £9,965 was due to Dundee City Council by Dundee Airport Limited and was disclosed within trade creditors and accruals (2019: £5,566). David Martin, a director of Dundee Airport Limited, held the post of Chief Executive of Dundee City Council during the year.

The amounts outstanding at the year end are unsecured for cash settlement in accordance with usual terms.

#### 16. Parent undertaking and controlling party

The company's immediate parent undertaking is Highlands and Islands Airports Limited. It has included the company in its group financial statements, copies of which are available from the registered office, Inverness Airport, Inverness, IV2 7JB.

The company's ultimate controlling party is the Scottish Ministers who own the entire share capital of Highlands and Islands Airports Limited.

